

Message Text

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ORIGIN XMB-04

INFO OCT-01 AF-06 EUR-12 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-03 /066 R

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XMB:DOBEIM

XMB:JDBIERMAN

XMB:SDPROCTOR

AF/S:DPCHRISTENSEN

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R 212304Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY PRETORIA

INFO AMEMBASSY BONN

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EGEN

SUBJ: ISCOR LOCOMOTIVE PURCHASE

REF: PRETORIA 4293

1. EXIMBANK SPECIAL CONDITION ON SUPPLIER CREDIT ASSISTANCE
FOR ISCOR WHICH REQUIRES ISCOR'S BEST EFFORTS TO OBTAIN SAG
GUARANTEE IF GUARANTEE RECEIVED BY OTHER LENDERS DOES NOT
PROVIDE AN EXCLUSION FOR EURODOLLAR OR OTHER NON-TIED CREDITS.
NONETHELESS, EXIMBANK PREPARED TO OVERLOOK POINT ON OUTSTANDING
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SUPPLIER CREDITS, BUT WILL PROBABLY REQUIRE SAG GUARANTEE ON

ANY NEW TRANSACTIONS. BY TELEX OF NOV 10 HERMESKREDIT ADVISES IT HAS BEEN REQUESTED TO SUPPORT SALE OF 33 ELECTRIC LOCOMOTIVES TO ISCOR AND GERMAN SUPPLIER HAS INDICATED SAG GUARANTEE IS AVAILABLE. IT IS UNCLEAR WHETHER THESE LOCOMOTIVES INTENDED FOR SISHEN/SALDANHA LINE.

2. EXIMBANK HAS RECEIVED ASSURANCES FROM ESCOM LEGAL REP THAT SAG GUARANTEE WILL BE FORTHCOMING ON BUYER CREDIT PROVIDED BY PEFCO FOR GAS TURBINE POWER UNITS. WHILE ESCOM MAY NOT BE PREPARED TO OFFER SAG GUARANTEE ON MEDIUM-TERM SUPPLIER CREDITS (NORMALLY FOR MODERATE AMOUNTS), EXIMBANK HAS CONSISTENTLY REQUIRED THAT LONG-TERM BUYER CREDITS, SUCH AS THAT FOR GAS TURBINES, CARRY GUARANTEE. FURTHERMORE, ANY ESCOM POSITION TO WITHOLD GUARANTEE ON SUPPLIER CREDIT TRANSACTIONS COULD PROVE UNACCEPTABLE TO EXIMBANK, ALTHOUGH NO APPLICATION IN HAND TO PROVIDE TEST CASE.
KISSINGER

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Message Attributes

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